



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	HB0411	Title:	Flood damage mitigation assistance program
Primary Sponsor:	McChesney, Bill	Status:	As Introduced-Revised

- | | | |
|--|---|--|
| <input checked="" type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
General Fund	\$166,890	\$212,624	\$166,690	\$170,857
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>(\$166,890)</u>	<u>(\$212,624)</u>	<u>(\$166,690)</u>	<u>(\$170,857)</u>

Description of fiscal impact: HB 411 creates a Flood Damage Mitigation Assistance Program in the Department of Natural Resources & Conservation (DNRC). The creation of this program within DNRC requires additional expenditures from DNRC.

FISCAL ANALYSIS

Assumptions:

Department of Natural Resources and Conservation (DNRC)

1. The purpose of the program is to provide technical and financial assistance, through local grants and loans, to local governments in mitigating damage or potential damage resulting in flooding in rural and urban areas. The department is required to provide local governments with technical and administrative assistance to prepare cost estimates for projects. The bill describes a number of qualifying uses of the funds for flood damage mitigation including construction and repair of flood control structures and floodplain mapping.
2. To administer and manage the proposed program, DNRC staffing of a 1.00 FTE program manager and a 1.00 FTE senior engineer are required the first year of the program and beyond for duties as listed in Assumption 1. Operating expenses in FY 2010 include a computer and office package for the 2.00 FTE.
3. Staff will put together grant applications, project criteria, and develop administrative rules.
4. Contracted services of \$50,000 are needed in FY 2011 to solicit, review, and award the grants/loans to prepare for the 2011 Legislative Session.

5. The bill provides for a small projects loan and grant program for projects with a cost of \$300,000 or less allocated by the DNRC based on criteria established by administrative rule. It is assumed these would be requested and appropriated within HB 2 in future biennia. The projects' costs are unknown at this time.
6. Large projects more than \$300,000 are to be appropriated by the legislature after recommendations from the Governor, having been analyzed and ranked as prescribed by administrative rule. It is assumed these would be requested and appropriated within HB 5 in future biennia. Appropriations are unknown at this time.
7. General obligation bonds would be needed to fund loans to local government in the large grant and loan program.
8. The revenue source is assumed to be state general fund.
9. The administrative and management support is based on a small loan and grant program with a biennial appropriation of \$1.0 to \$5.0 million. The large grant program would receive and process applications for up to \$25 million per biennium.
10. Minnesota has a similar program that is \$33 million and about 90 percent bond funds and 10 percent general funds. In Minnesota, the capital projects are funded by bond receipts and the non-capital projects, such as floodplain mapping and feasibility studies, are funded by general fund.

	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>	<u>FY 2012</u> <u>Difference</u>	<u>FY 2013</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	2.00	2.00	2.00	2.00
<u>Expenditures:</u>				
Personal Services	\$124,368	\$124,369	\$127,478	\$130,665
Operating Expenses	<u>\$42,522</u>	<u>\$88,255</u>	<u>\$39,211</u>	<u>\$40,192</u>
TOTAL Expenditures	<u><u>\$166,890</u></u>	<u><u>\$212,624</u></u>	<u><u>\$166,690</u></u>	<u><u>\$170,857</u></u>
<u>Funding of Expenditures:</u>				
General Fund (01)	<u>\$166,890</u>	<u>\$212,624</u>	<u>\$166,690</u>	<u>\$170,857</u>
TOTAL Funding of Exp.	<u><u>\$166,890</u></u>	<u><u>\$212,624</u></u>	<u><u>\$166,690</u></u>	<u><u>\$170,857</u></u>
<u>Revenues:</u>				
General Fund (01)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Revenues	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$166,890)	(\$212,624)	(\$166,690)	(\$170,857)

Effect on County or Other Local Revenues or Expenditures:

1. A grant or loan award would require a 25 percent to 50 percent local cost share.

Long-Term Impacts:

1. Cost savings to state and local governments in flood damages are possible. Minnesota's program experienced \$8 in damages saved for each \$1 spent for flood mitigation projects.
2. It will be an ongoing program once established and until reasonable flood mitigation projects are exhausted.

Sponsor's Initials

Date

Budget Director's Initials

Date